

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 1407 (Delegate Holmes)
Environmental Matters

Local Government - Restrictions on Income Producing Real Property - Fiscal
Impact Study

This bill requires the governing body of a county or municipal corporation to provide a copy of rent-control legislation to the Governor prior to enacting the legislation. Upon receipt, the Governor must designate an appropriate State agency to contract for a study to analyze the fiscal and economic impacts of the legislation. The State agency must send a copy of the study to the governing body proposing the legislation, the chairs of the Senate Budget and Taxation Committee and House Ways and Means Committee, and the Director of the Bureau of Revenue Estimates.

The bill's requirements do not apply to rent control that (1) applies only to property owned by a housing authority, county, municipal corporation, or the State or (2) is a condition of participation in a government-sponsored affordable housing program in which the owner of the property voluntarily accepts the rent control in order to receive a material benefit from the government.

The bill takes effect June 1, 2014. The bill only applies prospectively and does not have any effect on or application to any law enacted before the effective date.

Fiscal Summary

State Effect: To the extent local governments propose rent-control legislation, State expenditures increase minimally to conduct the required studies. Revenues are not affected.

Local Effect: The bill's provisions do not materially impact the finances of local governments; however, local government implementation of rent controls may be delayed due to the study requirement.

Small Business Effect: Potential minimal.

Analysis

Current Law/Background: Local jurisdictions in Maryland have authority to enact rent stabilization (rent-control) laws. For example, landlords in Takoma Park may generally only increase rent by a percentage equal to the current year's increase in the Consumer Price Index-All Urban Consumers (CPI-U) in the Baltimore-Washington metropolitan area. Landlords in College Park are also prohibited from increasing rent by more than the annual percentage increase in CPI-U. However, the Mayor and City Council of College Park have suspended the administration and enforcement of the rent stabilization program. Additionally, while Montgomery County has no statutory prohibition, the county issues an annual voluntary rent guideline, which is the increase in the rental component of the Consumer Price Index for the previous year for the Baltimore-Washington metropolitan area. The voluntary guideline in 2014 is 1.5%.

Additional Information

Prior Introductions: HB 916 of 2009, a similar bill, received an unfavorable report from the House Environmental Matters Committee. Its cross file, SB 658, passed the Senate as amended, and was referred to the House Rules and Executive Nominations Committee, where it received no further action.

Cross File: None.

Information Source(s): Montgomery County, Cities of College Park and Takoma Park, Comptroller's Office, Judiciary (Administrative Office of the Courts), Maryland Association of Counties, Maryland Municipal League, Department of Legislative Services

Fiscal Note History: First Reader - March 10, 2014
ncs/kdm

Analysis by: Joshua A. Lowery

Direct Inquiries to:
(410) 946-5510
(301) 970-5510